Scott. II-27—40,006—20-12-38.

Development (193) Department.

This SERIES.

G.O. No. 2433

Dated 6 10 938

[Despatch Abstract.]

Co-operative Societies – Hospet Central Banks – laying of foundation stone by His Excellency the Governor – abandonment of papers recorded.

25543

GOVERNMENT HOUSE

Madras,

7th September 1939.

My dear Viswanatha Rao,

I enclose a copy of a statement to be read on the occasion of the laying of the foundation stone of the Co-operative Central Bank building at Hospet by His Excellency in October next, together with a note on the working of the Bank. Would you kindly let me have any comments or remarks so as to reach me not later than September 15th?

Yours sincerely,

Sri Diwan Bahadur V.N.Viswanatha Rao,
Secretary to Government,
Development Department,
Fort St.George.

Dev Dept

To U.S

a draft D.O. to the Rs is submitted for approval.

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To

His Excellency The Lord Erskine, G.C.I.E.,

Governor of Madras.

May it please your Excellency,

It is with feelings of sincere devotion and loyalty that we, the members of the Board of management, of The Hospet Co-operative Central Bank, Ltd., Hospet, beg to invite your Excellency and Lady Erskine to be amongst us and extend our hearty welcome to this Historic place.

2. We take this unique opportunity to place before Your Excellency a concise history of our Bank. The 20th December, 1920 marked the birth of this Bank with a small beginning, having, just the support of 61 members (18 societies and 43 individuals) and a paid up share-capital of Rs. 3,850/- only. It was registered under the Co-operative Societies' Act II of 1912 to organise, finance, arrange for the supervision of Co-operative societies established in the District and to carry on the general business of Bank in accordance with the provisions of the Act. The Bank developed its business steadily. The growth of the working capital from barely a lakh of rupees in the year 1921, to, over eleven lakhs of rupees by the year 1931 has assuredly established the growth of the Bank's popularity. It could not, however, escape the effects of world-wide economic depression which had by this time set in and as expected began to show signs of decline. Herculean efforts, made to pull up the Bank till the year 1934, proved futile. Differences of opinion among the Directors in the matter of the working of the Bank necessitated the

the interference of the Department which superseded the Bank on 26-2-1934 under section 43 of the Co-operative Societies' Act VI of 1932. The period of supercession lasted for three years. It was really a period of consolidation and rectification and the Bank could not lend much to societies in those three years and this accounted for the decrease in the working capital. The Bank was restored to its normal constitution on 26-2-1937 and the present Board of management consisting of nine members representing the societies and individual share-holders was elected by the General Body of the Bank for a period of three years. Since then the Bank has been carrying on its business normally. The Bank continues to have a departmental officer of the cadre of a Co-operative Sub Registrar as its Secretary. It has a branch and a transmitting agency at Bellary and Harpanahalli respectively, both working satisfactorily.

3. The Bank has now on its rolls 407 members (158 individuals and 249 societies) with a paid up share-capital of Rs. 1,46,792/-.

4. The Bank works mainly on its deposits which are pouring in despite the low rates of interest. The working capital of the Bank at the end of the last Co-operative year ending with 30-6-39 was Rs. 8,52,680 made up of Rs. 6,53,680 under deposits Rs. 1,46,792 under paid up share capital and Rs. 52,208/- under Reserve Fund.

5. The Bank is affording short term credit facilities to the poor ryots in the villages through Co-operative societies by advancing them loans for agricultural purposes. Such loans outstanding against the societies on 30-6-39 amounted to Rs. 7,67,499 of which

which Rs. 5,26,377 were overdue, the percentage of arrears to demand being 68.09. The heavy percentage is due to the accumulation of past years which the present Board of management is taking adequate steps to reduce. The Bank has built up a strong bad debt Reserve of Rs. 73,500 out of its profits earned every year besides the Reserve Fund investment of Rs. 52,208 against an estimated bad debt of Rs. 1,35,430. Its other investments in the shares of the Madras Provincial Co-operative Bank, the debentures of the Madras Central Land Mortgage Bank and Government Promissory notes etc., amounted to Rs. 1,59,125 at the end of the last Co-operative year. The Bank worked at a net profit of Rs. 11,071-12-0 and it proposes to declare a dividend of 5% and 3½% to individuals and societies respectively.

6. The Bank is following the policy of caution and utility in advancing loans to the ryots at low rates of interest and does not lend them more than the amount absolutely necessary for cultivation expenses. It finances all kinds of registered Co-operative Societies including scheduled class and weavers' societies. It is also devoting attention to the development of special types of societies such as Labour and marketing etc., and with the support of the Government the Bank hopes to improve the non-credit side of the movement. All the concessions contemplated by the debt-relief act are shown at the time of collection. The Bank proposes to start Loan & Sale societies in the Headquarters of every taluk and link them with all the other societies in the district to afford easy marketing facilities and assure the best prices for the ryots' produce. During the nineteen years of its existence the Hospet Co-operative Central Bank passed through many vicissitudes and it has successfully survived every one of them which undoubtedly speaks of its inherent stamina strength and stability.

7. The Bank is now located in a rented building. The idea of constructing a building for the Bank was mooted as long back as 1930 but for want of a suitable site it could not take shape. The Government have now been graciously pleased to assign to us a beautiful site situated in a Central locality of the town.

8. We, the members of the Board of management, as a representative body of the Hospet Co-operative Central Bank take this opportunity of sincerely thanking Your Excellency and Your Excellency's Government for the generous assignment of land for the construction of a building for our Bank. It is for this Bank building we beg Your Excellency to be graciously pleased to lay the foundation.

9. We once again thank Your Excellency for your kind visit to this place and express our deep debt of gratitude for kindly accepting our humble invitation and we pray that the Almighty may be pleased to bless Your Excellency and Lady Erskine with long life of prosperity and many years of service to Humanity.

We beg to remain,
May it please Your Excellency,
Your most obedient servants,
The members of the Board of management
of The Hospet Co-operative Central Bank, Ltd., Hospet.

Short Note

on the working of the

The Hospet Co-operative Central Bank, Ltd., Hospet.

for the year ending with 30-6-'39.

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A brief note on the working of the Hospet Co-operative Central Bank, Ltd., Hospet, for the Co-operative year 1938-1939.

The Hospet Co-operative Central Bank, Ltd., Hospet, was registered on 20-12-20 and started on the same day.

Members and Sharecapital:- There were at the end of the year 158 individual members with a paid up share capital of Rs. 23,045 and 249 societies with a paid up share capital of -- Rs. 1,23,747 as against 158 individual members and 235 societies' members with paid up share-capital of Rs. 22,315 and Rs. 1,21,380/- respectively at the beginning of the year. There was an increase in the paid up share-capital of the Bank by Rs. 3,097 and in the total number of members by 14 which were Rs. 1,46,792 and 407 respectively.

Borrowings:- There was an increase in the deposits received from individuals, Institutions, Local Boards and Municipalities and societies which rose from Rs. 6,00,162 to Rs. 6,50,129. It is gratifying to note that the direct loans borrowed from the Madras Provincial Co-operative Bank, Ltd., Madras, amounting to Rs. 50,000 were entirely repaid together with Rs. 28,000/- that were outstanding at the beginning of the year.

Investments:- The investments of the Bank increased from Rs. 1,10,827/- at the beginning of the year to Rs. 1,59,125/- at the end of the year.

Cash Credit:- The cash credit accommodation with the Madras Provincial Co-op. Bank was raised from Rs. 50,000 to Rs.70,000 during the year Rs. 20,000 being granted by the Bank on the pledge of Madras Central Land Mortgage Bank debentures of Rs. 25,000 while the cash credit accommodation allowed by the Imperial Bank of India on the security of Government promissory notes continued to be the

the same at Rs. 17,000/-. Both accounts were freely operated during the year and there was no debit balance in either account at the end of the year as against a debit balance of Rs. 7,169 at the beginning of the year.

Loans to Societies and Individuals:- During the year the Bank disbursed loans to societies amounting to Rs.1,35,887 and Rs. 9,825 under short term and long term respectively as against Rs. 59,946 and Rs. 14,075 respectively last year. These figure are inclusive of cash credit loans. While loans disbursed to individuals on the security of their deposits were Rs. 21,221 this year as against Rs. 23,711 in the previous year. The loans recovered during the year from societies (inclusive of cash credit loans) were Rs. 1,65,403 as against Rs. 60,031 last year. The amount recovered from liquidated societies in the year was Rs. 8,760 as against Rs. 2,282 in the previous year. Loans outstanding against the societies and individuals at the end of the year were Rs. 7,67,499 and Rs. 20,604 respectively as against Rs. 7,90,327 and Rs. 27,798 respectively in the previous year.

Against a demand of Rs. 7,88,790 and Rs. 51,985 under principal and interest respectively against primary societies the overdues at the end of the year were Rs. 5,28,269 and Rs. 8,846 respectively. The percentage of balance to demand under principal and interest respectively works at 68.09 and 17.01 this year as against 81.94 and 24.07 percent respectively in the previous year.

Classifying the overdues of societies according to the period of pendency and they are as follows:-

Details.	No. of societies.	Amount. Principal.	Interest. No.	Interest. Amount.
Overdues under one year.	42	63,274	13	2,665.
Overdues for more than one year	34	65,519	13	1,381
" " 2 years	3	3,384	30	4,648
" " 3 "	2	7,822		-----
" " 4 "	7	39,686		-----
" " 5 "	100	3,46,692		-----
		5,26,377		
Liquidated societies:	16	38,244	12	8,680.

Agencies:- The progress of the Branch Bank, Bellary, and the Agency at Harpanahalli continued to be steady.

Building:- The amount to the credit of the building fund on the last day of the year will be Rs. 3,645/-.

Profits:- The profits of the year amounted to Rs. 14,503-11-0 as against Rs. 8,135-10-0 in the last year indicating a rise of Rs. 6,368-1-0. It may be noted here that collection of a sum of Rs. 26,255 under interest due from nine societies was suspended during this year also and a sum of Rs. 6,821/- collected from these societies was credited towards principal account --- instead of towards interest. Ten more societies were added during the year and the collection of interest due from them amounting to Rs. 5,664/- has also been suspended since. After setting apart Rs. 3,431-15-0 for bad debts reserve the net profits were ----- Rs. 11,071-12-0, divided according to bylaw 30 the profits earned works out as follows:-

25% reserve fund	...	2,767-15-0
5% reserve for bad debts.	...	553- 9-0
Dividend to societies at 3½% and 5% to individuals.	...	5,424-14-0
Common good fund.	...	243- 2-0
Building fuhd.	...	553- 9-0
Bonus to Employees.	...	647- 0-0
Dividend Equalization Fund.	...	881-11-0
		11,071-12-0

Reserve Fund:- With the addition of Rs. 2,767-15-0 the total amount to the credit of Reserve fund will be Rs. 52,208-6-9 of which the Bank has already invested Rs. 49,440-7-0 in the Madras Provincial Co-operative Bank, Ltd., Madras, leaving a balance of Rs. 2,768-1-0 to be invested during the current year.

2767 15 0

General:A Out of 228 old societies affiliated to this financing Bank, clauses relating to the levy of penal clauses were got deleted in 210 societies while in 204 societies, bylaws governing the lending rate of interest were amended and the rate reduced from 9 3/8% to 7½%. The concessional rate of 6¼% was charged in the case of 'D' class societies till October, 39. The same concession was extended to all types of societies irrespective of their classifications, from November onwards as per instructions contained in Registrar's --- circular B 7618/38 dated 27-10-38. The concessions were allowed only in deserving cases, if the financial position of the societies concerned permitted such concession.

Supervision:- The field staff of the Bank consisted 2 district supervisors paid out of the general funds of the Bank and 13 supervisors paid out of supervision fund. A supervisor-clerk was exclusively put in charge of Morgeri and Sonnasakrihalli societies since 19-1-39 as the overdues in these two societies were very heavy being more than Rs. 24,519/-. The pay of this supervisor-clerk will be met by contribution from the Bank and the respective societies.

The rectification work of societies was taken up in respect of 132 out of 207 societies in the year in getting additional securities and effecting collections from loans declared doubtful. A statement showing the progress of work done in the year is appended. Vide statement A. The Madras Provincial Co-operative Bank --- sanctioned a subsidy of Rs. 900/- for the year to improve and develop the working of the loan and sale societies and the three propaganda supervisors who were appointed at Kottur, Siruguppa, Harpanahalli and Bellary were continued. Their pay & F. T. A. were met from out of the above subsidy. The progress of the working of Harpanahalli Loan & Sale Co-op. society is steadily improveing besides being satisfactory. The other three societies have turned out better business than that of the last year. A state-

A statement of the progress made by them is appended.

Vide statement B.

The cost of running the administrative section for the year was Rs. 8,146/-

Management:- The Bank was in charge of the management consisting of 8 Directors from the beginning of the year and in the month of June Sri. J. Veeranna Chetty was co-opted as director in the vacancy caused by the demise of the late Sri. Rao Bahadur J. Papiah Chetty, representing individual share holders. Sri. S. Ramanath Rao, Co-operative Sub Registrar, has been the Secretary of the Bank since 6-12-37.

During the year the Bank convened 3 meeting os the Boards of management 12 meetings of the Executive Committee and one meeting of the General Body.

General:- Relief to the borrowers to an extent of Rs. 4,685 both under principal and interest was given this year by the societies concerned. Loans under controlled credit scheme were issued to 37 societies. Statement showing the particulars of loans granted under this system is enclosed.

Vide Statement C.

During the year under report, the following officials visited the Bank and gave valuable advice with regard to the working of the Bank. 1. The Registrar of Co-operative societies, Madras. The Deputy Registrar of Co-op. societies, Ananthapur.

As per Registrar's circular property statements of primary societies were revised in the new form as suggested by the Registrar in almost all the societies except in 17 societies. Ten societies have been selected for the introduction of Multi-purpose objects in Harpanahalli, Hudligi, Siruguppa and Rayadurg taluks and these will be developed in current year.

Panchayat Training Class:- Twenty centres were selected for holding training classes for Panchayatdars and members of rural societies spreading over the 9 taluks of the district. 502

502 members and 161 Panchayatdars of 98 societies attended the classes. The syllabus as laid down by the Madras Provincial Co-operation Union was gone through in all the centres and the members and Panchayatdars were observed to take keen interest in the deliberations. Impressive Magic Lantern Lectures were given in which villagers showed great enthusiasm. The expenses of the training classes were met out of the Government subsidy granted for the purpose and out of the contribution made by the Central Bank.

On 11-1-39 and the following days a joint conference of Departmental Inspectors and supervisors was held at Hospet at which the supervisors were exhorted to announce the grant of loans to societies on controlled credit system and prepare and submit loan applications for the needy members for their cultivation expenses. Further measures of relief to ameliorate the present conditions of the ryots and to create an incentive for voluntary payment of their dues were discussed in detail. Introduction of controlled credit system and Multipurpose objects linking of credit societies to Loan & Sale Co-op. societies, expansion of the movement by organisation of new type of societies, revival of dormant societies and rectification work in societies were the various subjects that were dealt at length.

Sri. Rao Saheb A. D. Thandu Mudaliar, The President, Sri. Dr. R. Nagana Goud, M.Sc., Ph.D., Director of the Bank and President, District Board, Bellary and Sri. C. Kannan Nair, Deputy Registrar of Co-op. societies, Anantapur, and Sri. M.Venkataratham, Assistant Registrar of Co-op. societies, Bellary, took an active part in the deliberations and imparted valuable instructions and advice to those present.

It will be observed that the Bank has been able to keep its financial position safe in spite of all vicissitudes of the season and been able to steer through successfully in its working.

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Statement showing the progress of rectification work done by the Bank staff for the quarter ending with 30-6-39.

Name of Central Bank:- The Hospet Co-operative Central Bank, Ltd., Hospet.

S. No.	Particulars.	Up to the end of the previous quarter.	During the quarter.	Up to the end of the present quarter.
1	2	3	4	5
1.	No. of societies indebted to the Bank.	205	2	207
2.	No. of societies in which examination of loans has been completed.	100	32	132
3.	Total amount of loans including interest involved in the societies mentioned against Col. 2.	5,09,889	1,16,120	6,26,009
4.	Of the sum mentioned in Col. 3 the amount which stands on adequate securities.	3,91,097	84,209	4,75,306
5.	Of the figures in Col. 3 the amount which stands on inadequate securities.	1,18,792	31,911	1,50,703
6.	Of the amount in Col.5 the sum for which additional securities have been taken during rectification work.	13,938	5,145	19,083
7.	Amount still ill secured 5 - 6 (10 b)	1,00,506	24,139	1,24,645.
8.	Estimated bad debts in these societies.	78,801	19,897	98,698
9.	Of the amount in Col. 8 the amount which will affect the Central Bank.	43,333	3,333	46,666
10.	Amount of loans collected in course of rectification of (a) adequately secured loans Col.4.	16,170	29,350	45,520
	(b) Inadequately secured loans Col. 5.	4,348	2,627	6,975.
	Total of (a + b)	20,518	31,977	52,495

Statement A.

Statement showing the working of the Loan & Sale societies in the district.

particulars.	Bellary Loan & Sale society.		Hospet Co-op. Loan & Sale society.				Siruguppa Sale society		Harpanahahalli Loan & Sale society.		
Date of Registration	29-6-1925		23-7-'26.				4-1-1937		13-11-1930.		
Date of staring.	29-6-1925		1-9-'26				2-10-1937		13-11-1930		
No. of members.											
a. Individuals.	82		171				25		316		
b. Societies.	13		16				9		26		
Paid up share capital of members.	Rs. 1423-4-0		Rs. 2,097				Rs. 360.		Rs. 2,265.		
Borrowings	Time loans.	Cash credit	Tem. deposits	Deposits	Loans	Cash Credits.	Time loans.	Cash Credit.	Deposits	Time loans.	cash credits.
as on 30-6-1938.	6000	2562-7-0	2269	3680	2906	0-7-0	1750	1000	750	2991	67-1-0
Received.	--	6124-11-11	39987	--	--	-7-0	1750	1000	1950	5000	10000-4-0
Paid off.	6000	8299-0-0	40152	3680	2906	-7-0	98	1000	1800	2991	10067-5-0
Balance	--	388-2-0	2104	--	--	--	1652	--	900	5000	----
Rate of interest.	4½%	4½%	7 to 6%	6%	5½%	4½%	3%	4½%	6% to 7%	5¼ to 4½%	4½%.
Advances without produce on the pledge of produce.			Rs.467						Rs. 23099		
Members.	Rs. 400/-		2035				1120		1148		
Non members.	170/-		1783								
Other advances if any.			719								
Business transacted	Grains - cotton	others	7355 Grains and others.				Grains - others.		Grains-Cotton.		
stock on 30-6-39.	Rs. 17210		9741				2309		51bags 2 baks	Turnover for	
Received.	19063		95576				2309		15823 " 18 "	the year is	
Sold	20831		100069				284		15856 " 18 "	Rs.150000/-	
Stock on hand.	1687		5808				2085		18 " 2 "		
Commission realised.	478		3093				2		Rs.2763		
Investment & Share capital.	2000		810				100		Rs. 1000/-		
Reserve Fund.	1953-8-0		1940				--		14-12-0		
Other investments.	63-13-5 (c/a)		47-1-9(c/a)								
Name of Insurance company the society has insured its& Godowns.	Queensland Insurance company.		----				---		Baloise Insurance company.		

Statement B.

THE HOSPET CO-OPERATIVE CENTRAL BANK, LTD., HOSPET.

Quarterly return for Controlled Credit Scheme for the quarter ending 30-6-1939.

1. District. — Bellary district.

2. Area where controlled credit has been introduced(specify Tq) — In five taluks (viz) Hadagalli, Siruguppa, Kudligi, Hospet and Harpanahalli.

3. Nature of crops brought under the scheme. Cotton, G.nut, paddy etc. — Sugar-cane, Paddy, Ground-nut, Chollam, Cotton, Korrah, Gingilly, Chillies, Onions, Caster-seeds and Gramme, sajja and plantain.

4. No. of societies which have been issued loans. — 37.

5. Loans issued No. & Amount. — No. 565. Amount Rs. 51,579.

6. Extent brought under the scheme.	1 Sug-cane. A C	2 Paddy A C	3 G:nut. A C	4 Chollam A C	5 Cotton A C	6 Korra A C	7 Gingilly A C	8 Chillies A C	9 Onions A C	10 Caster seeds. A C	11 Gram. A C	12 Sajja. A C	13. Plantain. A C
	695-55	704-11	1329-74	2388-44	1666-51	425-90	265-43	10-10	6-00	132-00	51-67	8-95	9-79.
7. Quantity of produce expected to be handled at the end of the season.	Tons. 18612	bags. 13172	bags. 15806	bags. 18795	Mds. 16055	bags. 2556	bags. 1327	Mds. 200	bags. 36	bags. 924	bags. 484	bags. 56	cart loads. 20.
8. Value of produce so handled.	Rs 128225	Rs 48060	Rs 40981	Rs 77900	Rs 76360	Rs 10224	Rs 13275	Rs 650	Rs 126	Rs 6468	Rs 440	Rs 200	Rs 500

Statement C.

APPENDIX No. 4.

Progress Report of the Hospet Co-operative Central Bank Limited, Hospet

Year.	No. of Members.		No. of Shares.		Share Capital		FIXED DEPOSITS							Loans from M. P. C. Bank.	Loans Issued			Loans Collected.			Loans outstanding.		Profit	Dividend declared		Bad debts reserve	Remarks
	Individuals.	Societies.	Individuals.	Societies.	Individuals	Societies	Individuals	Private Institution	Local Boards and Municipalities	Government Contractors	Primary Societies.	Provident Deposits.	Reserve Fund of Societies.		Individuals	Societies S. T.	Societies L. T.	Individuals	Societies.		Individuals	Societies		Individuals	Societies		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	
30th June					Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
1921	55	52	238	348	5,470	9,481	11,350	...	...	...	...	...	476	74,000	1250		96250-0	..	...	..	1,253	96,250	318	...	...	...	
1922	59	91	240	569	9,973	23,097	28,050	100	2,800	...	...	...	1,857	2,05,066	2500		188730-0	2750		41855	1,000	2,43 825	2,006	8	...	...	
1923	65	120	244	745	10,946	32,145	36,285	100	4,6 5	...	...	...	13,444	3,36,320	900		248946-0	700		42848	1,200	4,19,923	1,736	9	...	...	
1924	72	151	290	1,057	12,957	49 915	44,278	100	16,0	54,650	.	2,099	18,849	2,90,511	5300		143405-0	5770		87658	730	4,75,670	7,652	9	..	...	
1925	82	206	322	1,950	1 136	91 779	88,447	100	33 9	48 476	...	7,714	7,136	3,84,847	4915		248450-0	1075		147005	3,670	6,80,080	12,517	8	8	...	
1926	100	230	362	2,483	16,953	1,15,4	1 61 503	3 300	57,905	54 779	...	17,32	33,684	2,84,839	6645		220717-0	2593		179951	7,722	7,07 31	13,419	8	8	...	
1927	131	247	428	2,900	19 475	1,31, 1	2 55,671	10,300	81,98	75,289	..	26,353	41,9 8	1,90,681	15849—1		236341-0	5126		15 142	18,645	7,86, 49	4,134	8	1	...	
1928	134	266	493	3,160	22 99	1,40 262	9,743	24,250	1,06,663	35,830	...	37,772	52,978	3,25,282	11221—7	55451-14	315180-8	13639	4547	1 688	16,281	9,15,797	27,976	9	9	...	
1929	131	276	500	3,283	23,271	1 45 87	2, 3,881	31,074	88,008	59,824	22,636	71,290	65,758	3,60,175	15497—5	85119—8	318695-0	18699	86789	203738	14,897	0,31,875	14,344	8	8	...	
1930	132	280	493	3,383	23,082	1,49 14	8,731	14,050	51,079	21,242	27,367	1,00,738	72 271	4,01,395	26487—9	123272-0	204960-4	23663	163648	87481	17,722	1,08,978	23,435	9	9	...	
1931	139	287	493	3,489	23,019	1,51,64	2, 0,493	8 050	65,55	10,897	19,665	1,18,738	80,305	4,13,314	11766- 11	106944-3	34992- 0	15045	70172	72477	14,454	1,18,264	194	5¼	...	1.172	
1932	165	283	500	3,453	23,069	1,50,28	3,26,967	10,403	47,235	10,551	27,875	1,33,378	86,839	2,99,785	42679—1	35441 -3	1099- 0	20730	34725	51337	36,015	0,39,485	...	...	...	11,181	
1933	163	266	491	3,337	23,069	1,45,329	3,57 051	14,213	57,876	7,105	28,525	1,34,457	97,177	1,31,412	18693—8	48563-12	3617- 0	29158	47708	40085	25,937	0,10,300	14,664	8	5¾	11,181	
1934	160	251	468	3,104	21,949	1,33,778	2,90,626	10,363	1,14,934	9,145	28,942	1,24,899	1,02,358	1,57,053	31350—0	11614—0	9950-0	22755	31591	64996	35,198	9,34,235	1,944	6	...	22,556	
1935	160	244	468	3,022	21,956	13,05,22	2 75,765	7,864	1,26,018	7,141	31,343	1 23,638	1,01,122	1,04,781	20830—0	19743—0	23-0	32766	16594	47814	23,924	8,89,711	1,254	4	...	31,395	₹8502.25
1936	158	224	468	2,938	21,956	1,26,471	2,91,318	7,710	74,694	5,000	33,016	1,21,478	1,04,155	1,782	24666—0	9650—0	11179-0	24306	29687	52571	24 749	8,46,771	12,068	5	5	51,458	787815
1937	160	228	475	2918	22309	1 5595	2,85,176	5,450	54,946	6,411	30,208	8,50,35	1,17 187	19,105	25740—0	27406—0	11759-0	26583	5010	70113	25.090	8,30,935	13,511	5	5	68,272	790327
1938	158	235	475	2821	22315	121380	2,79,606	4850	65829	6520	40,126	79,498	1,23,734	30,089	23711—0	47638—0	140751-0	20683	25557	36756	28119	7,87,815	7386	5	3	69699	
1939	156	219	459	2368	23015	123747	3077 58	7735	65179	6309	54018	73839	135294	3950	20514	99195	9825	27845	79905	49822	20457	7 8875	11072	5	35	73500	

12/ Secret Dept

25343/39
DO No 1[illegible]/39-Sd 9.9.39

Dr Sd by Sh ... 1[illegible] 9.9.39

My dear Venkataraman,

I am to enclose a copy of the statement to be made by the Board of the Central Bank on the occasion of the laying of the foundation stone of the Bank building by H.E. the Governor in Council next September with a note on the working of the Bank for the year 1938-39. I am to request you to forward a note by post by the evening of the 12th inst., attaching your comments or remarks on the same.

Yours sincerely

[illegible]

1[illegible] 9.9.39 9.9.39 9/9/39 9/9/39

S. A Venkataraman Esq
I.C.S.

Dispd. with enclo. 9/9/39

Reg'd C.S. with the statement and report on working of Bank in reply to the note.

26092

D.O.No.7927/39.A.

Office of the Registrar of Co-operative Societies, Madras, Dated 12-9-1939.

My dear Viswanatha Rao,

Sub: Hospet Co-operative Central Bank Ltd--Visit by His Excellency the Governor to lay the foundation stone for the building.

Ref: Your D.O.No.25543-V/39-1, dated 9-9-1939.

I have gone through the statement and the note sent with your D.O. cited above and I enclose a note containing my comments.

2. I have to point out to Government in this connection that the Bank has a building fund of Rs.3,100/- In their order No.Ms.2152.Rev. dated 22-8-1939, Government have sanctioned the alienation of a plot of 1.06 acres in Hospet in favour of the bank for use as the site of the bank building. According to the G.O. the alienation is subject to the payment of Rs.2,565/- for the occupancy right and of Rs.28-8-0 towards the value of the trees standing on the land and of ground rent as may be fixed from time to time. The amount to the credit of the building fund of the bank is thus sufficient only to acquire this site and there is hardly any amount to be utilised for the construction of a building on the site. In July 1937, the bank applied to the Registrar for permission to utilise a sum of Rs.20,000/- out of its general funds for the construction of a building. Mr.Austin then Registrar regretted his inability to allow this as he considered that the Bank should conserve its liquid resources to meet its liabilities. The bank cannot construct a building within a period of 2 years according to the conditions of the alienation of the site, unless it utilises its general funds

P.T.O.

funds for the purpose. The bank has not, however, so far applied to me for permission to use its general funds for the construction of the building. It was in order to prevent cases of this kind that the Government have in their order No.2174 Ms.Development dated 4-9-1939 recently published a draft rule making it obligatory on the part of banks and societies to obtain the sanction of the Registrar for the utilisation of general funds for the construction of building, and the matter is under the consideration of the Government.

(P)

Yours sincerely,

P. A. Venkataram

Sri Dewan Bahadur
V. N. Viswanatha Rao, M.A.B.L.,

Secretary to Government,
Development Department.,

FORT. ST. GEORGE.

Enclosures
(1) Note
(2) File of papers received from Govt

N O T E.

The bank has completed 19 years of its working. Like other banks in the Province, it had to experience the severe effects of the economic depression and the result was a gradual diminution in the transactions of the bank since 1930-31. The affairs of the bank took an unhappy turn just prior to 1934 when owing mainly to differences that existed among the directors, the Committee of the bank had to be superseded under section 43 of the Madras Cooperative Societies Act VI of 1932. The bank was under supersession for 3 years and its management was in the hands of the Department during the period. Normal constitution was restored in February 1937, and I am glad to say that the bank has been working smoothly since then.

2. The loan transactions have increased during the last year. As against Rs.61,713/- lent to societies during 1937-38, the bank lent Rs.1,09,020 during the last year. While the progress is, no doubt, appreciable, it cannot be denied that there is scope for further development. Out of 218 agricultural societies affiliated to the bank, as many as 137 societies have not borrowed from the bank for over 3 years. It should be possible for the bank by steady and systematic measures to infuse life in these dormant societies and by this to develop its transactions. The bank may also explore the possibilities of organizing more societies in the areas which have not yet been covered in the district so that the credit facilities afforded by the societies may be made available to the ryots in these areas.

3. It is gratifying to note that the Central Bank has been of late developing more short-term loans.

During 1938-39, the bank granted long-term loans to societies amounting to Rs.9,825/- only as against the short-term loans amounting to Rs.99,195; the proportion of long term loans being less than a tenth of the short-term loans. This is a healthy sign or development and it is hoped that the bank will maintain this in the coming years. Another note-worthy feature in the progress of the bank is the working of the controlled credit scheme by it. The bank has introduced this in 5 taluks in the district and has disbursed loans to 37 societies, amounting to Rs.51,579/- The extension of the system of controlled credit and the development of sale sodieties for which there is scope should engage the attention of the bank on the side of expansion.

4. One disquieting feature about the bank, however, is the position of the overdues. There is a reduction in the percentage of overdues from 81.84 under principal and 24.07 under interest in 1937-38 to 66.97 under principal and 17.01 under interest in 1938-39. The reduction is to some extent due to an increase in the extensions granted,. While the amount covered by extensions on 30-6-38 was Rs.62,983/- the amount was Rs.1,18,104/- on 30-6-39. The overdues on 30-6-39 amounted to Rs. 5,28,269/- under principal and Rs.8,346/- under interest. One hundred and fifty one out of the 218 indebted societies contributed to the overdues and of these, 100 societies had overdues for over 5 years to the extent of Rs. 3,46,692/- This is obviously a very unsatisfactory position. It should be the endeavour of the Bank to look into the affairs of these societies, examine the reasons for the persisting overdues and take steps for their recovery according to a definite plan of work.

5. The bank has been pursuing the scheme of rectification work in the indebted societies and during the

the last year, the work was pushed through in 132 indebted societies. The results till 30-6-1939 disclosed that loans in societies amounting to Rs.1,24,645/- stood on inadequate security. The bank's estimate of its bad debts is Rs.1,35,430/- The figure according to last audit is however slightly higher being Rs.1,35,603/- and there are besides doubtful debts to the extent of Rs. 54,622/- The bank has a bad debt reserve of Rs.73,500 and also a general reserve fund of Rs.49,440/- both amounting to Rs.1,22,940/- To cover the entire bad and doubtful debts, it is necessary that the bank should continue the policy of augmenting its reserves in the coming years as it has been doing in the past. It should also pursue action to obtain additional securities for the ill-secured loans wherever possible. It is gratifying to note that the Bank has been extending various concessions to borrowers of societies such as abolition of penal rates of interest, reduction in the lending rates etc. The extension of these concessions in a larger measure consistent with the financial position of the Bank will not only afford relief to the ryots but will enable the bank to reduce its overdues.

6. The following discrepancies in the figures are noticed:

(1) The statement to be read by the Board.

Paragraph 4. The working capital and the Reserve Fund of the Bank are noted as Rs.8,52,680/- and Rs.52,208/- respectively. The Reserve Fund of the bank on 30-6-1939 was Rs.49,440/- only and the figure furnished by the bank includes the contribution that will be made to it out of the net profits for 1938-39. As the audit certificate of the bank for 1938-39 has not yet been issued, the Reserve Fund is Rs.49,440/- and correspondingly the working capital is Rs.8,49,912/- only.

Paragraph 5. Loans outstanding against societies on 30-6-1939 amount to Rs.7,57,119/- only as shown below and not Rs.7,67,499/- as stated in the note.

		Rs.
Living societies.	Long term.	5,81,465.
	Short term.	1,37,410.
Liquidated societies.		38,244.
		7,57,119

Similarly the overdues amount to Rs.5,28,269/- according to last audit and not Rs.5,26,377/- The percentage is 66.97 and not 68.09 as shown in the statement. The figure under Reserve Fund should be Rs.49,440/- as stated against paragraph 4. Regarding the bad debts, the correct figure is Rs.1,35,603/- as has been pointed out in paragraph 5 above. The investments should be Rs.1,55,125/- and not Rs.1,59,125/- as shown in the statement and also under "investments" in the note on the working of the bank for 1938-39.

Note on the working.

The date of registration of the bank is 12-12-1920 and not 20-12-1920 as noted both in the statement and the note.

Under loans to societies and individuals, the following figures require alteration, as details in the note have been furnished inclusive of the cash credit loans.

	Figures given.	Correct figures
Loans recovered from societies last year.	Rs. 60,031	Rs. 69,227
Loans outstanding against societies at the end of the year 1938-39.	7,67,499	7,61,875
Loans outstanding against individuals at the end of the year 1937-38.	27, 798	28,119.

The percentage of overdues should be 66.97 and not 68.09. The classification of overdues has been given in respect of Rs.5,26,377 under principal and Rs.8,694/- under interest

interest while the total overdues amount to Rs.5,28,269 under principal and Rs.8,846/- under interest as furnished in the note itself.

The Building Fund on 30-6-1939 is shown as Rs.3,645/- while the actual amount is Rs.3,100/- only. The figure shown by the bank includes the probable amount that may be added to the fund out of the profits for 1938-39. This cannot be taken into account until the profits have been declared by the Registrar and appropriated by the Bank.

Under Reserve Fund, the balance to be invested should be Rs.2,767-15-0 and not Rs.2,768-1-0 as shown in the note. This is subject to the declaration by the Registrar of the net profits as noted by the Bank.

REGISTRAR.

RS 12/9

To U.S

Please see P.S.G's DO at p1 supra. The remarks of the Regr of C.S on the statement proposed to be read and on the note on the working of the Bank will be found at pp 20-24 supra. A short summary of the points mentioned by the Regr has been prepared and placed at (N). With reference to para 6 of the Regr's note - it is submitted that as the statement has been prepared by the bank, it does not appear necessary to either the figures it has given and that can be left alone. Attention may however be specially invited to the Regr's DO. at pp 16-17 supra, in which he refers to the remarks amount the Bank has got under 'Building fund' and the necessity for the bank to use its general funds for the construction of the building. The Bank has not so far applied to the Regr for permission to use general funds for construction of the building. The reasons which prompted the Govt to frame a rule prohibiting it obligatory for banks to obtain sanction of the Regr for utilization of general funds for construction of buildings will be found at A of the Regr's letter p12 of GO 2174 S.G.S.G. In spite of the

(P)

ab

circular of the Rly at p 7 of (P), the Hospital Board has not applied to the Rly for permission to construct the building. The financial position of the Bank, not its large reserves, cannot be said to be satisfactory. It will be better if the Bank is advised to construct a building commensurate with its present needs and resources to construct its excavation.

lw
14/9/39

hm
14.9.39

M
14.9.39

S.

With reference to Secretary's instruction No 104, the notes are circulated to H.E. through H.M.(I&L)

aw
14/9/39.

H.M.(I&L) M 14/9

H.E.

27254

D.O.7927/39.A.

Office of the Registrar of Cooperative Societies, Madras, Dated 19-9-1939.

My dear Viswanatha Rao,

Ref: My D.O. R.C.7927/39.A. dated 12-9-39 regarding His Excellency's visit to Hospet Central Bank.

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I enclose for your information a copy of the D.O. dated 17-9-1939 received from Bryant, and a copy of the reply I am sending him today.

Yours sincerely,

S. A. Venkataraman

Sri Dewan Bahadur,
V.N.Viswanatha Rao,M.A.B.L.,

Secretary to Government,
Development Department,

FORT. ST. GEORGE.

PSG.

H.M. may see.

24/26

Copy of D.O. dated 17-9-1939 from the Private Secretary to H.E.the Governor, to the Registrar of Cooperative Societies, Madras.

Would you kindly refer to your D.O.7927/39.A. of September 12th to Viswanatha Rao on the subject of the laying of the foundation stone of the proposed Hospet Cooperative Central Bank building by His Excellency the Governor on his visit to Hospet next month? I see from your letter that, after payment for the occupancy right and tree value, the Bank will have hardly any amount to its credit for the purpose of erecting a building, which according to the conditions of alienation it has to do within two years of the grant, unless it utilises its general funds for building purposes. I see further that as recently as 1937 the then Registrar refused to permit the use of Rs.20,000/- from general funds for this purpose, and that the Bank has not as yet made any further application to this end. It does not appear either that the Bank is in any better position to spare the amount required from its general funds than it was in 1937.— It does not seem very appropriate that His Excellency should undertake the laying of the foundation stone for the proposed Bank premises under these conditions, since it looks doubtful whether the Bank will be able to proceed with the building. I may add that the engagement for His Excellency was accepted on the basis of the report from the Collector to the effect that there was not likely to be any hitch over the alienation and that funds for the building were available. Under these circumstances, I should be very grateful if you would advise very urgently whether it would be suitable for His Excellency to carry out this engagement, or whether it should be cancelled, and, if so, in what terms. Do you think that the financial position of the Bank as regards collection of outstandings and otherwise is any additional basis for reconsidering the acceptance of the engagement?

(True copy)

P.T.O.

Copy of D.O. R.C.7927/39.A. dated 19-9-1939 from the Registrar of Cooperative Societies, Madras, to the Private Secretary to His Excellency the Governor.

Sub: Hospet Cooperative Central Bank Ltd, Hospet--Visit by His Excellency the Governor.

Ref: Your D.O. dated 17th September 1939.

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The Hospet Cooperative Central Bank has a building fund of only Rs.3,100/- which, as I have stated in my D.O. to Viswanatha Rao, is just sufficient to meet the cost of the site and tree value. The Bank has been earning a profit of Rs.11,000 on an average during the last four years and under the bylaws of the bank the maximum amount that may be appropriated out of the profits to the Building Fund is only 5 per cent. Even if the Bank should contribute the maximum amount to the Building Fund, it cannot hope to have sufficient amount under the Building Fund, to enable it to complete the construction of the building within the next two years, even if it should begin the construction now. A building can be constructed only by using the general funds for the purpose. When the Bank applied in 1937 for permission to utilise Rs.20,000 out of its general funds for the construction of a building, Mr.Austin examined the position of the Bank and considered that it should husband its resources to meet its liabilities. It was on this ground that he declined to grant the request of the Bank. The Bank has not applied to me for permission subsequently. I cannot say that the position of the Bank has very much improved since then. The overdues of the Bank amount to Rs.5.28 lakhs, and the percentage of arrears is 66.97. As much as Rs.3.46 lakhs, have been in arrears for over five years. Besides, the Bank has estimated at Rs.1,35,000/- besides doubtful debts bad debts amounting to Rs.54,622/- The bad debt reserve of the bank amounts only to Rs.73,500/- and even with the general reserve of Rs.49,440/- the bad and doubtful debts are not entirely covered. In the present condition of the bank, I consider it necessary for the bank to augment its reserves further without locking up its fund it buildings. I, therefore,

suggest that His Excellency may cancel the engagement. The Bank may be told that, in view of its heavy and long-standing overdues and the volume of its bad and doubtful debts, which are not properly secured, His Excellency does not consider it advisable to participate in a function, which would involve the undesirable locking up of its general funds in buildings against the advice of the Registrar.

(True copy)

J1

Copy of D.O. dated 30th September 1939 from the Private Secretary to His Excellency the Governor of Madras, to the Secretary to Government, Development Department.

H.E. the Governor's Tour - October 1939.

His Excellency ~~has~~ has abandoned for the present his proposed tour in the Bellary, Anantapur and Chittoor Districts. I am therefore to return to you with thanks the files noted below with the Secretariat notes on the topics referred to in them, and to regret that you have had the trouble of preparing them when they cannot at present be put to use. I am to ask that they may be filed for reference later on, should occasion arise.

V.N.V
3.10.39

32

Der Duce

Torino

39/61+

Mi pare no so nec.

Prot. N. 2433 Rs. 26. X. 39

Cooperativa Sociale

Ospedale Centrale

Banchi - [illegible] Lagny 7

Fondaria stra 4/1+5. Ch. Jurisa-
abbandonata [illegible]
Lagny - Rivoli

Mi pare non sia nec. - Mi pare non sia nec. - Mi pare non sia nec. -

Good features in the working of the Bank.

1. ~~Owing mainly to differences which~~ existed among directors of the bank, ~~the~~ affairs of the bank ~~were~~ not satisfactory just prior to 1934 and its committee ~~had~~ to be superseded by the Regr. The bank was under supersession for three years. Its constitution was restored in Febry. ~~19~~ The Regr. has obtained that since the date of restoration of normal constitution it ~~1937 and since then it~~ has been working smoothly.

2. Increase in loan transactions. The bank issued loans to societies to the extent of Rs.1,09,020 in 193-39 against Rs.61,713 in 1937-38. Of these, short term loans amounted to Rs.99,195 and long term loans Rs.9,825. ~~This is~~ The development of short term loan business is a a healthy sign and it is hoped that the bank will maintain ~~its~~ this development.

3. Controlled credit. The Bank has introduced the system in five taluks of the district and issued loans amounting to Rs.51,579 to 37 societies. The ~~development~~ extension of this system and the ~~increase in the number~~ development of loan and sale societies should engage the attention of the bank.

Unsatisfactory feature in the bank's working.

The bank has shown a reduction in the percentage of overdues from 81.84 under principal and 2[illegible].07 under interest in 1937-38 to 66.97 unde principal and 17.01 under interest in 1938-39. The reduction is to some extent due to an increas in extensions granted. The amount for which extensions were granted was Rs.1,18,104 against Rs.62,983 in 1937-38. The overdues amounted to Rs.5,28,269 under principal and Rs.8,846 under interest in 1938-39. ~~155~~ 151 out of the 218 indebted societies contributed to the overdues and 100 societies had overdues for over five years to the extent of Rs.3,46,692. This is a very unsatisfactory position.

Lines on which the bank may improve.

Increase in transactions. Out of 218 societies affiliated to the bank, as many as 137 societies have not borrowed for over three years. The bank should, by steady and systematic measures, infuse life in these dormant societies and develop its transactions.

Organisation of new societies. The bank should explore the possibility of organising new societies in areas which have not been covered in the district so that credit facilities may be made available to ryots in these areas.

Reduction of overdues. The bank should examine the working of societies and investigate the reasons for persistent overdues and take steps for recovery.

Bad and doubtful debts reserve. The bank has found on an examination of the loans in 132 indebted societies that loans amounting to Rs.1,24,645 stood on inadequate security. The bank's estimates of its bad debts is Rs.1,35,430 and besides these there are doubtful debts amounting to Rs.54,622. The bank has a bad debt reserve of Rs.73,500 and a general reserve fund of Rs.49,440. To cover the entire bad and doubtful debts it is necessary that it should continue a policy of augmenting its reserves in the coming years. It should also take steps to obtain additional security for ill-secured loans wherever possible.

Concessions in regard to reduction of interest. The Bank should continue the concessions at present shown by it to borrowers in regard to reduction of interest and abolition of penal interest and try to reduce its overdues.